

FISCAL YEAR 2022

Popular Annual Financial Report

RESILIENCE & RECOVERY VOL. 2





Message from the City Manager



I am pleased to share the City of Charlotte's Popular Annual Financial Report for fiscal year (FY) 2022, which ran from July 1, 2021, to June 30, 2022. This report evaluates how the city performed against the forward-looking FY 2022 budget and offers an easy-to-understand snapshot of the city's financial position during the fiscal year, especially for readers without a background in public finance.

While FY 2021 will be remembered as the year we navigated through the heart of the COVID-19 pandemic, FY 2022 marked a transition toward resilience and recovery. Strategic priorities set by the Charlotte City Council for the FY 2022 budget guided decision making and resource allocations, and addressed the most foundational and pressing needs of our community. Unanimously adopted by the Charlotte City Council in June 2021, the budget focused on:

- Economic development, jobs and upward mobility.
- Affordable, sustainable and great neighborhoods.
- Safe, healthy and inclusive communities.
- Accessibility, mobility and connectivity in transportation, planning and the environment.
- Well-managed government that is efficient, effective, accountable, responsive, inclusive and customer focused.

As a summary of the city's FY 2022 Annual Comprehensive Financial Report (ACFR), the Popular Annual Financial Report looks back at these priorities and other initiatives included in the FY 2022 budget, and measures how the city performed against them. Unlike the ACFR, however, this report is unaudited and does not contain all reported funds and full financial disclosures for the fiscal year.

The FY 2022 ACFR was prepared following generally accepted accounting principles. The firm that audited the ACFR, Cherry Bekaert LLP, issued an "unmodified" or "clean" opinion of the report, indicating the report is presented fairly and does not have misstatements.

I commend city staff members for their integrity, professional competency and dedication to public service. Their commitment to the highest standards of professionalism in fiscal management is foundational to the city's financial stability and resilience. Because of the staff's work, bond rating agencies continue to award the City of Charlotte with the highest ratings for credit worthiness.

Our staff is also dedicated to creating clear and effective budgeting and financial documents.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the city with a Certificate of Achievement for Excellence in Financial Reporting for the FY 2021 ACFR. It was the city's 37th consecutive year receiving the award. GFOA also recognized the city's FY 2022 budget, awarding the City of Charlotte our eighth consecutive Distinguished Budget Presentation Award.

The FY 2022 ACFR and more information about the city's finances are available at charlottenc.gov/finance.

Finally, I credit Mayor Vi Lyles and the Charlotte City Council for their strong leadership and support as they set sound fiscal policy, ensure financial resources are managed prudently and provide a foundation for financial sustainability.

Marcus D. Jones
City Manager

SM

Charlotte's Regional Economy in FY 2022

The City of Charlotte's financial principles and long history of sound management positioned the city to react quickly to the economic and social uncertainty created by the COVID-19 pandemic.

Throughout FY 2022, the City of Charlotte worked to advance the Charlotte City Council's strategic priorities and to ensure the city and its residents continued to recover from the impacts of the COVID-19 pandemic. The city aimed to improve access, equity and upward mobility for all residents by connecting people and places throughout Charlotte.

The City of Charlotte's financial principles and long history of sound management positioned the city to react quickly to the economic and social uncertainty created by the COVID-19 pandemic. The city's efforts were also supported by Local Fiscal Recovery Funds through the American Rescue Plan Act (ARPA) totaling \$141.6 million: The first allocation, \$70.8 million, was received May of 2021 and the second, \$70.8 million, in July 2022. Charlotte deliberately planned how it would use the ARPA funds, identifying four categories of investments to immediately help those most impacted by the pandemic and to make long-term investments in Charlotte's future:

- \$47 million to support community housing and homelessness services.
- \$32 million for workforce development, jobs, and support for minority and women-owned businesses and small businesses.
- \$31.6 million for the operational needs of the city government.
- \$31 million to promote community vitality.

The Charlotte region has experienced a full employment recovery since the onset of the COVID-19 pandemic, with the region topping pre-pandemic employment levels in early 2022. The Charlotte region has seen an average of 12,500 net jobs added each quarter since the start of 2021.

Charlotte is home to eight Fortune 500 companies: Lowe's, Bank of America, Nucor, Honeywell, Duke Energy, Truist Financial, Sonic Automotive and Brighthouse Financial.

Charlotte also ranks as the nation's second-largest banking center. Bank of America, the nation's second-largest bank with \$2.44 trillion in consolidated assets, and Truist Financial, the nation's seventh-largest bank, with \$532.1 billion in consolidated assets, are headquartered in Charlotte. In August 2022, the Bank of London announced its plan to establish a U.S. headquarters in Charlotte. The new headquarters is expected to create 350 new jobs across multiple disciplines by 2026. Charlotte's strength as a banking headquarters city is foundational to the region's economic success.

Also foundational to the economic success of the Charlotte region is the Charlotte Douglas International Airport, the top economic engine among all North Carolina airports according to the North Carolina Department of Transportation Division of Aviation. The airport is ranked among the 10 busiest in the world, averaging 1,424 arrivals and departures, as well as daily aircraft operations, and serving approximately 183 nonstop destinations around the globe.

The regional tourism industry creates jobs and improves the entire community's quality of life. The Charlotte tourism market began to recover from the effects of the COVID-19 pandemic in FY 2022. Hotel revenue across Mecklenburg County grew by 93.2% over FY 2021 to \$754.5 million, nearly the peak revenue of \$813.5 million in FY 2019, before the pandemic. Gross spending in restaurants and bars within Mecklenburg County grew by 32.6% to \$4.39 billion, surpassing the FY 2019 peak by more than 20%.

Charlotte's Community in FY 2022

Population Increase = 2.1% Increase

958,788 (2021) → 979,096 (2022)



 **\$150.6 Billion**

Assessed Property Valuations

\$65,359

Median Household Income (2020)

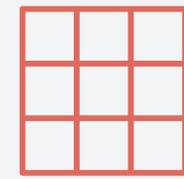
Source: U.S. Census Bureau

Top 10 Employers

- Atrium Health
- Wells Fargo
- Charlotte-Mecklenburg Schools
- Bank of America
- Novant Health
- American Airlines
- Harris Teeter
- Duke Energy
- Lowe's Companies
- City of Charlotte

 **16th Largest City**
in the United States

 **7.25%**
Total Local Sales Tax Rate

 **308 Square Miles**
City Land Area

 **3.9%**
Unemployment Rate

Race and Ethnicity*

- White/Caucasian 67%
- Black or African American 21%
- Asian 4%
- Hispanic or Latino 10%
- Two or More of Some Other Race 8%

**for the region
Source: Charlotte Regional Business Alliance*

37.6 years

Median Age (2022)
Source: U.S. Federal Reserve

Charlotte City Council

As of June 30, 2022



Vi Lyles
Mayor



Julie Eiselt
Mayor Pro Tem



Braxton Winston
At Large



Dimple Ajmera
At Large



Greg Phipps
At Large



Larken Egleston
District 1



Malcom Graham
District 2



Victoria Watlington
District 3



Reneé Johnson
District 4



Matt Newton
District 5

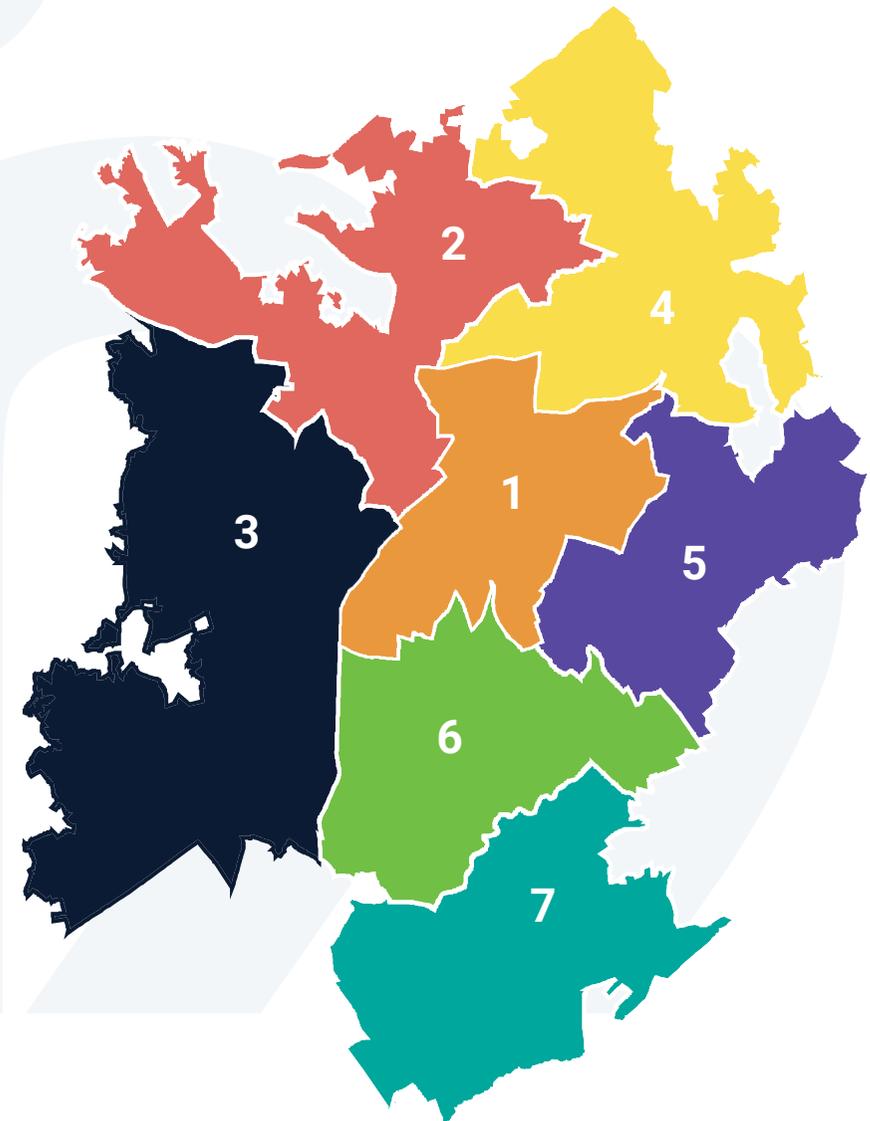


Tariq Bokhari
District 6



Edmund Driggs
District 7

District Map



SM

City Council Strategic Priorities in FY 2022

City funding was directed toward programs and services that support the City Council's FY 2022 strategic priorities. These priorities served as the foundation for funding decisions and setting objectives.



Economic Development

- Build and maintain a successful business climate and workforce talent.
- Increase the number of jobs with sustainable wages and benefits.
- Create economic opportunity for all residents.
- Encourage business development, innovation and entrepreneurship.



Great Neighborhoods

- Focus on comprehensive initiatives designed to create affordable housing.
- Provide opportunities that align with creating great neighborhoods.



Safe Communities

- Ensure neighborhoods are safe, healthy and inclusive.
- Focus on policing, fire protection and community relations.



Transportation, Planning and Environment

- Anticipate and plan for the growth of the community and safeguard the environment.
- Address growth with strategic investments.
- Build and maintain a comprehensive transportation network.
- Use placemaking strategies that encourage connection between neighborhoods and employment centers.



Well-Managed Government

- Demonstrate leadership in financial stewardship.
- Review best practices and ensure consistency.
- Emphasize effective and efficient services that are accountable, customer-focused and inclusive.

FY 2022

by the Numbers

FY 2022 Budget
\$2.7 Billion

911 Calls
1,227,042

Water Service Connections
310,541

Streetlights Maintained
77,294

Sanitation Collection Trucks
201

Full-Time
Equivalent Employees
8,281.75

Police Stations
13

Airline Arrivals and
Departures Per Day at Charlotte
Douglas International Airport
1,336 Flights

Charlotte Area Transit System Buses
325

Water Treatment Plants
3

Tons of Recyclables Collected
88,708

Fleet Vehicles Maintained
3,565

Miles of Water Mains
4,526

Fire Stations
43

Transit Miles Operated
13,777

City Property Tax Rate
\$0.3481

Affordable Housing
Units Produced
1,514

Tons of Refuse Collected
326,497

City of Charlotte Organization

As of July 30, 2022



CITY MANAGER'S OFFICE

ASSISTANT CITY MANAGER

Reenie Askew
Innovation and Community Vitality

ASSISTANT CITY MANAGER

Liz Babson
Mobility, Planning, Transit and Transportation

ASSISTANT CITY MANAGER

Brent Cagle
Finance and Administration

ASSISTANT CITY MANAGER

Tracy Dodson
Business and Economic Growth



**MAYOR &
CITY COUNCIL**



CITY MANAGER
Marcus D. Jones
Council appointee



CITY ATTORNEY
Patrick Baker
Council appointee



CITY CLERK
Stephanie Kelly
Council appointee



CITY DEPARTMENTS

**AVIATION
DEPARTMENT**
Haley Gentry

**CHARLOTTE AREA
TRANSIT SYSTEM**
John Lewis, Jr.

**CHARLOTTE
COMMUNICATION
& MARKETING**
Jason Schneider

**CHARLOTTE
DEPARTMENT OF
TRANSPORTATION**
Debbie Smith

**CHARLOTTE FIRE
DEPARTMENT**
Chief Reginald
Johnson

**CHARLOTTE
PLANNING, DESIGN
& DEVELOPMENT**
Alyson Craig
(interim)

**CHARLOTTE-
MECKLENBURG
POLICE DEPT.**
Chief Johnny
Jennings

**COMMUNITY
RELATIONS**
Willie
Ratchford

**CHARLOTTE
WATER**
Angela Charles

**ECONOMIC
DEVELOPMENT**
Tracy Dodson

**GENERAL
SERVICES**
Phil Reiger

FINANCE
Teresa Smith

**HOUSING &
NEIGHBORHOOD
SERVICES**
Shawn Heath

**HUMAN
RESOURCES**
Sheila Simpson

**INNOVATION &
TECHNOLOGY**
Reenie Askew

INTERNAL AUDIT
Tina Adams

**SOLID WASTE
SERVICES**
Rodney
Jamison

**STRATEGY
& BUDGET**
SM Ryan Bergman

FY 2022 Financial Results: Government-Wide Statements

Government-wide statements report the City of Charlotte's financial activity and information in one place using accounting methods similar to those used by private-sector companies. As a result, all assets and liabilities are accounted for, as well as all inflows and outflows of resources.

Government-wide statements categorize services as governmental activities or business-type activities.

Governmental Activities

Most of the city's basic services, such as public safety, community planning and development, and streets and highways, are listed as governmental activities. Property taxes, other taxes, and grants and contributions finance most of these activities.

Business-Type Activities

The city charges fees to customers to cover the costs of certain services provided. The city's water and sewer system, stormwater system, airport, and public transit system are listed as business-type activities.

Statement of Net Position

The Statement of Net Position is a balance sheet that provides a snapshot of what the city owns (assets) and owes (liabilities). Net position represents the city's investment in the assets it uses to provide services to residents.

Statement of Activities

The Statement of Activities is an income statement that summarizes amounts received (revenues) and amounts spent (expenses). A positive difference between revenue and expenses indicates the city had enough revenues to cover its obligations and the ability to save for the future.

Statements of Net Position and Activities

Governmental Activities	2022	2021	2020
Total Assets & Deferred Outflows	\$8,786,001,000	\$8,583,122,000	\$8,437,025,000
Total Liabilities & Deferred Inflows	\$3,588,035,000	\$3,437,137,000	\$3,227,565,000
Total Net Position	\$5,197,966,000	\$5,145,985,000	\$5,209,460,000

Total Revenues	\$1,212,468,000	\$1,222,598,000	\$1,107,692,000
Total Expenses	(\$1,179,846,000)	(\$1,286,073,000)	(\$1,074,287,000)
Change in Net Position	\$32,622,000	(\$63,475,000)	\$33,405,000

Business-Type Activities	2022	2021	2020
Total Assets & Deferred Outflows	\$11,762,129,000	\$10,604,702,000	\$10,194,421,000
Total Liabilities & Deferred Inflows	\$4,475,054,000	\$3,827,456,000	\$3,751,365,000
Total Net Position	\$7,287,075,000	\$6,777,246,000	\$6,443,056,000

Total Revenues	\$1,621,895,000	\$1,285,751,000	\$1,200,934,000
Total Expenses	(\$1,135,264,000)	(\$951,561,000)	(\$975,866,000)
Change in Net Position	\$486,631,000	\$334,190,000	\$225,068,000

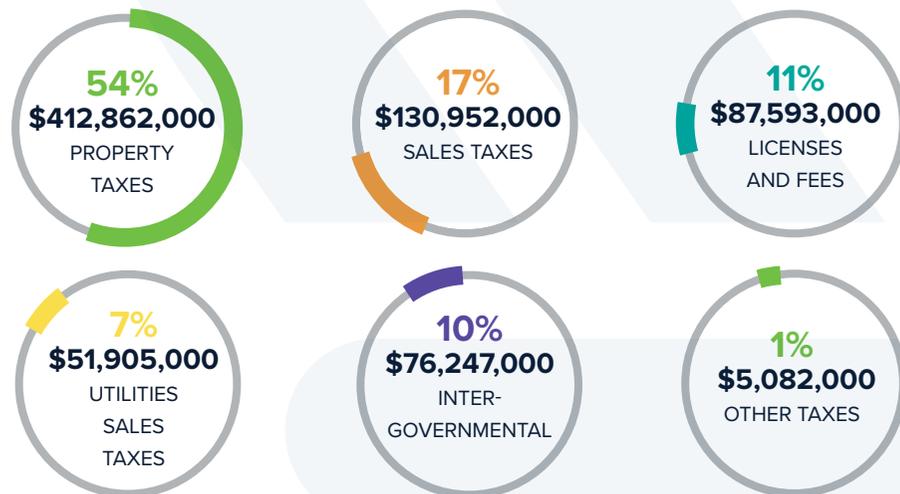
FY 2022 Financial Results: Governmental Funds

Governmental funds cover most of the city's basic services, including public safety, infrastructure, general government administration, and capital project activities, such as transportation and neighborhood projects, funded by bond proceeds. These services are supported by taxes; capital contributions such as grants from the federal and state governments; and fees, fines, and charges from those who directly benefited from the programs.

The General Fund is the city's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. General Fund expenses are largely supported by revenue from taxes and fees.

General Fund Revenues

FISCAL YEAR ENDED JUNE 30, 2022
\$764,641,000



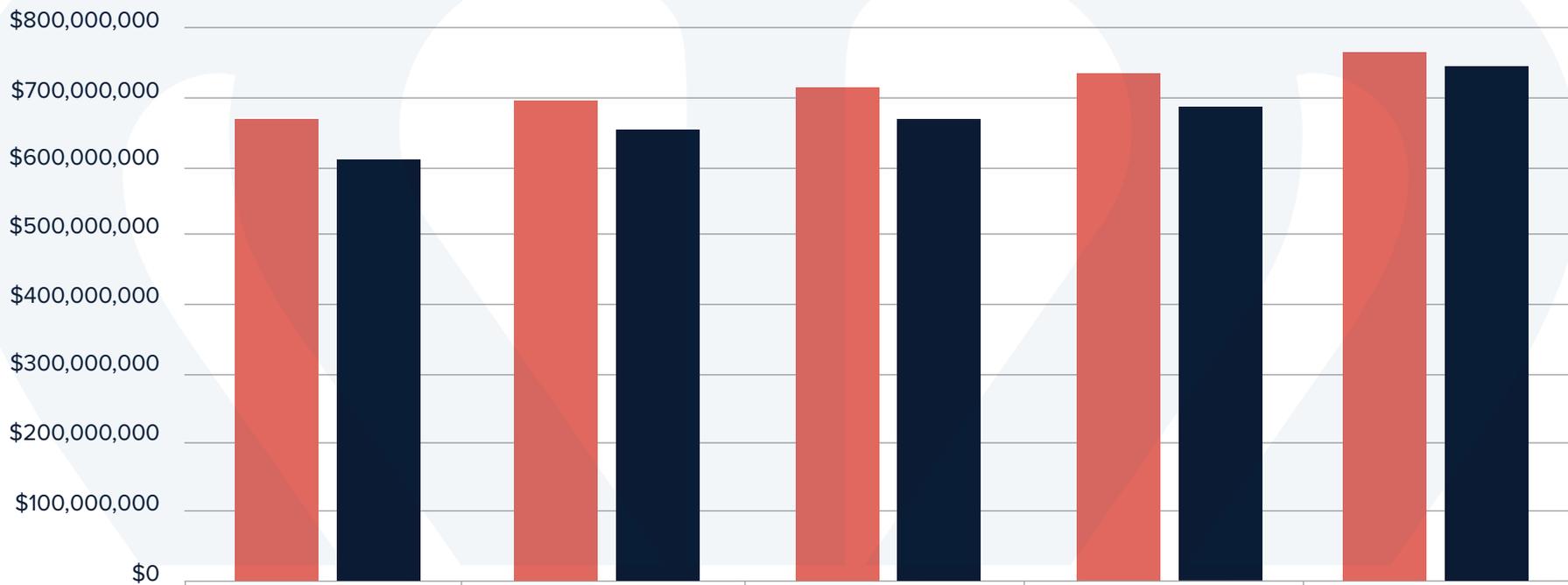
General Fund Expenditures

FISCAL YEAR ENDED JUNE 30, 2022
\$736,376,000



FY 2022 Financial Results: Governmental Funds

General Fund Revenues and Expenditures: Five-Year Trend



	2018	2019	2020	2021	2022
REVENUES	\$667,694,000	\$695,658,000	\$716,100,000	\$725,676,000	\$764,641,000
EXPENDITURES	\$608,318,000	\$649,624,000	\$669,585,000	\$692,327,000	\$736,376,000

FY 2022 Financial Results: Governmental Funds



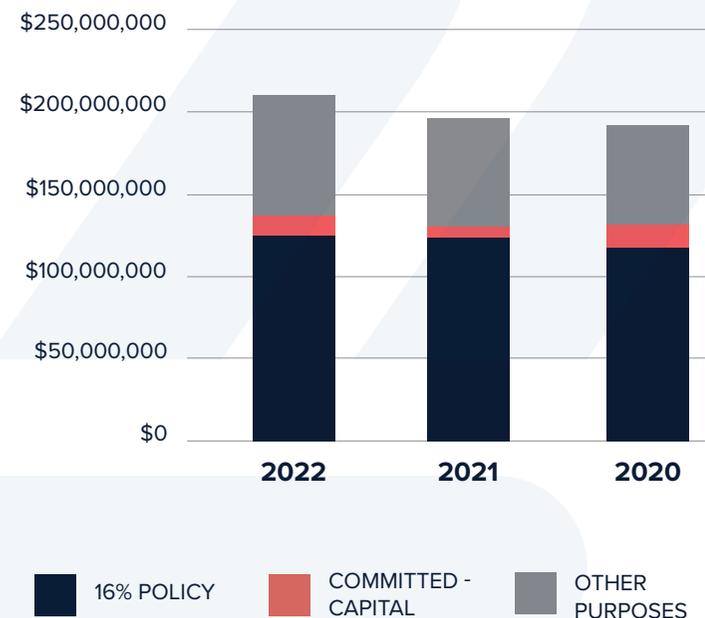
Fund Balance

Cities prepare for the unexpected by having reserves in the form of fund balance. Reserves are similar to savings because they provide financial flexibility to react to economic downturns and unforeseen circumstances in a timely manner. In governmental accounting and financial reporting, maintaining fund balance is a major factor considered by bond rating agencies when they evaluate the city's credit worthiness.

The city has a policy to maintain in the General Fund a fund balance at 16%, which is reported as unassigned fund balance and available for any purpose in the General Fund. Any fund balance amount exceeding the 16% is dedicated to capital expenses, unless otherwise directed by the Charlotte City Council. This amount is reported as committed fund balance because it is constrained by an action of the City Council.

Other fund balance categories are nonspendable, restricted and assigned. Nonspendable fund balance is in a form that cannot be spent, such as inventory. The use of restricted fund balance is constrained by the provider, such as a grantor. An assigned fund balance amount is used for a specific purpose, such as a debt service payment.

General Fund Three-Year Trend



FY 2022 Financial Results: Governmental Funds

The Capital Projects Fund accounts for financial resources supporting capital projects during the life of the projects. The city undertakes capital projects to acquire, develop, improve or maintain various facilities, other infrastructure and/or equipment. These projects are generally large in scale, require large sums of money and are long term. Money for capital projects comes largely from proceeds of the bond sales, debt-financing agreements, and taxes. The repayment of these borrowing sources is accounted for in the Debt Service Funds. These long-term expenses are outlined in more detail in the multiyear Capital Investment Plan.

Capital Projects Fund Revenues

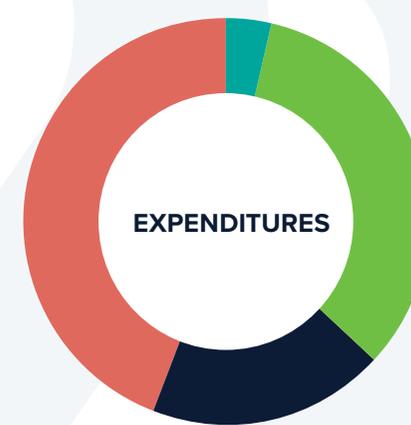
FISCAL YEAR ENDED JUNE 30, 2022
\$332,057,000



- BONDS ISSUED = \$118,764,000
- INSTALLMENT PURCHASES = \$107,600,000
- OTHER TAXES = \$35,908,000
- INTERGOVERNMENTAL = \$26,884,000
- LICENSES, FEES, & FINES = \$18,329,000
- NET TRANSFERS WITH OTHER FUNDS = \$11,326,000
- PROPERTY TAXES = \$10,962,000
- OTHER SOURCES = \$2,284,000

Capital Projects Fund Expenditures

FISCAL YEAR ENDED JUNE 30, 2022
\$216,930,000



- TRANSPORTATION, PLANNING & ENVIRONMENT = \$95,656,000
- FACILITIES AND EQUIPMENT = \$71,965,000
- NEIGHBORHOOD DEVELOPMENT = \$41,092,000
- ECONOMIC DEVELOPMENT = \$8,217,000

FY 2022 Financial Results: Governmental Funds

The City of Charlotte issues debt to fund general governmental capital needs. The city's long-term debt is repaid from a governmental fund called the Debt Service Fund. This fund accounts for transactions related to the payment of principal and interest.

The city's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service, and AAA ratings from Standard & Poor's Ratings Services and Fitch Ratings. Charlotte is one of the few major cities in the United States that maintains the highest financial category rating from these rating agencies. This achievement is a primary factor in keeping interest costs low on the city's outstanding debt. Total outstanding debt for governmental funds as of June 30, 2022, is \$1.6 billion.

Debt Service Fund Revenues

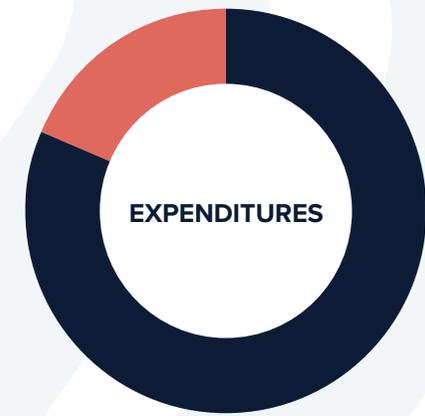
FISCAL YEAR ENDED JUNE 30, 2022
\$325,077,000



- OTHER SOURCES = \$149,642,000
- PROPERTY TAX = \$102,090,000
- NET TRANSFERS WITH OTHER FUNDS = \$43,245,000
- SALES TAX = \$30,100,000

Debt Service Fund Expenditures

FISCAL YEAR ENDED JUNE 30, 2022
\$306,501,000

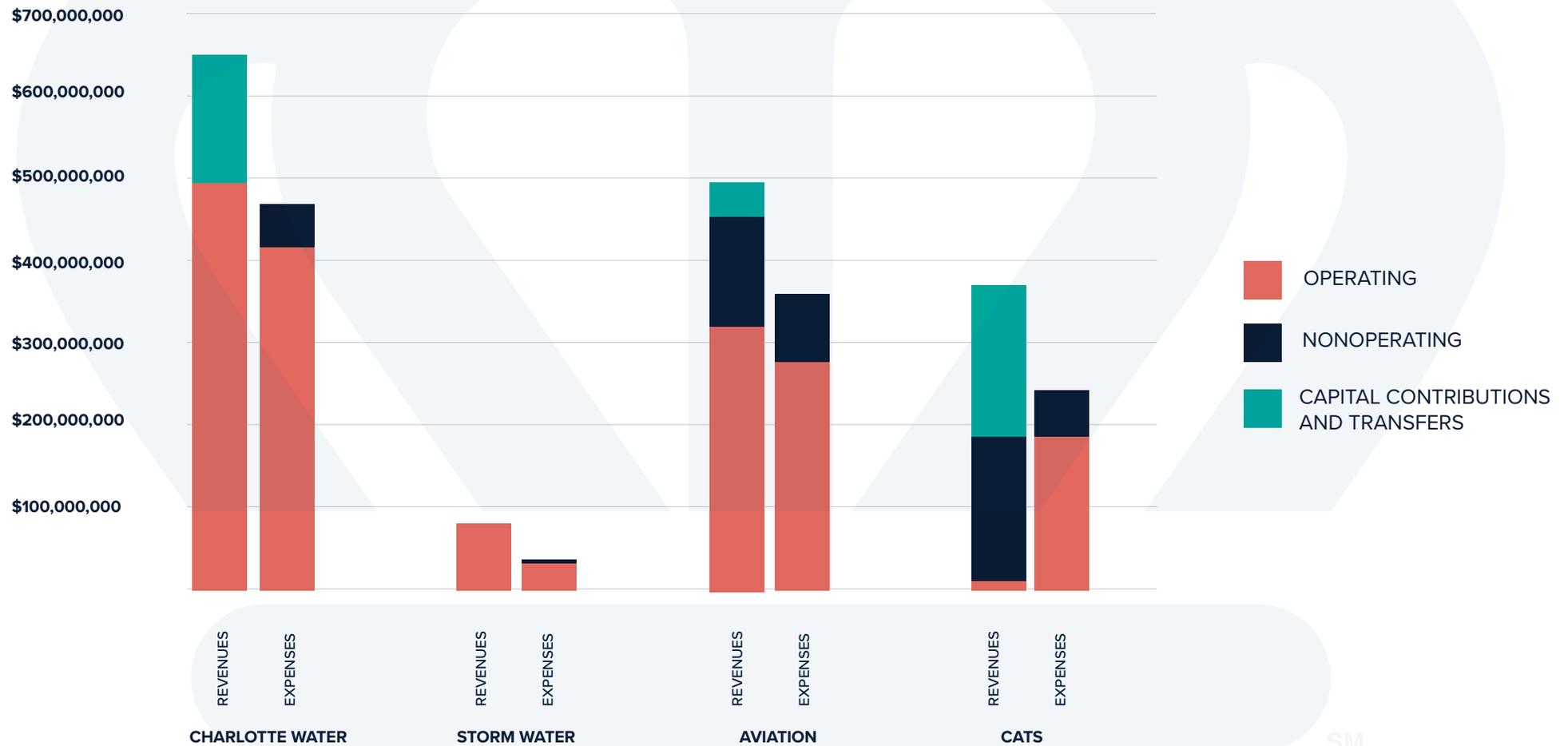


- PRINCIPAL = \$250,111,000
- INTEREST AND OTHER CHARGES = \$56,390,000

FY 2022 Financial Results: Enterprise Funds

Enterprise funds are self-supporting funds created when a public service generates enough revenues to pay for its costs. These funds account for services for which the city charges customers a fee. Fees can be used for operating costs, capital and debt service. The City of Charlotte's Enterprise Fund departments include the Aviation Department, Charlotte Water, Storm Water Services and the Charlotte Area Transit System (CATS). Total outstanding debt for enterprise funds as of June 30, 2022, is \$3.8 billion.

Enterprise Fund Revenues and Expenses



FY 2022 Major Initiatives



Economic Development

COVID-19 Business Support: Charlotte, unlike many cities across the country, was able to utilize the majority of its federal coronavirus relief funds to directly support communities most in need. The City of Charlotte invested or allocated more than 58% of its Coronavirus Aid, Relief and Economic Security (CARES) Act funds and more than 77% of its American Rescue Plan Act funds in external, community-focused efforts, including:

- \$16 million to job creation and workforce development efforts, and in support of minority- and women-owned businesses and small businesses.
- \$7.3 million to offset the economic impacts of COVID-19.
- \$3 million for an employment study conducted within the city's Corridors of Opportunity.

Corridors of Opportunity: Six designated Corridors of Opportunity received \$14 million in FY 2022. Each corridor has ongoing projects and strategies tailored to the specific business development, placemaking, community engagement, and transportation infrastructure needs of the corridor.

Career and Training Academy: The Career and Training Academy is an economic mobility initiative designed to provide training opportunities to people who otherwise would not have qualified for entry-level jobs with the city. The city employed more than 37 graduates of the academy when the FY 2022 budget was adopted by the City Council. In addition to the academy, the city also offers an apprentice program across multiple city departments.

Advancing Equity for All: The city's Office of Equity, Mobility and Immigrant Integration led initiatives to address barriers that limit opportunities for Charlotte's vulnerable communities. Key projects included an approved language access policy, ongoing modifications to city policies and procedures for better compliance with the American with Disabilities Act, and an approved internal equity statement to guide decision making.

NXT/CLT: NXT/CLT is a public-private initiative that helps business owners of color develop their business and leadership skills, connect with other Charlotte business leaders, and access financial support. In FY 2022, the city and Atrium Health each contributed \$250,000 to support the program's customized curriculum that emphasizes management, market development and accessing capital.

Great Neighborhoods

Affordable Housing: In the spring of 2018, the City of Charlotte partnered with the Local Initiatives Support Corporation to create the privately financed Charlotte Housing Opportunity Investment Fund and set and exceeded a fundraising goal of \$50 million. Together with voter-approved bonds through the Housing Trust Fund, this funding leverages public, private and nonprofit dollars to increase the supply and accessibility of affordable housing in the community.

In 2020, Charlotte voters approved a \$50 million housing bond, bringing the total investment in housing bonds to \$130 million – \$70 million more than originally planned. As of fiscal year 2022, nearly 12,000 units and shelter beds have been created and preserved through the Housing Trust Fund since its creation in 2001.

Supporting the Community Through the Pandemic: The city received its first portion of American Rescue Plan Act funding, \$70.8 million, in FY 2022 and invested nearly 85% of the funding directly into the community, including \$17 million for housing and homelessness services and \$27 million to address needs such as the digital divide and arts and culture.

Legacy Commission: Between September 2021 and June 2022, nine Charlotte streets that memorialized slave owners, Confederate leaders and white supremacists were renamed. New street names now represent the dynamic and diverse city Charlotte has become and the inclusive vision it strives to achieve.

The Legacy Commission, a 15-person group of local historians, journalists and public servants that first convened in the summer of 2020, led the work by studying street names and monuments, and recommending to the Charlotte City Council name changes that reimagine civic spaces and create a new symbolic landscape in Charlotte.

Safe Communities

SAFE Charlotte: The City of Charlotte's ongoing Safety and Accountability For Everyone (SAFE) Charlotte effort reimagines public safety beyond policing and evaluates systemic, community issues including unemployment, housing, transportation and workforce development.

To implement SAFE Charlotte, in FY 2022 the city partnered with Atrium Health on an intervention program that provides patients who are hospitalized with injuries from violence the support they need to avoid retaliation and reinjury, and to create safer, long-term outcomes.

Additionally, through its Alternatives to Violence program, the city and its partners at Mecklenburg County, Cure Violence Global and Youth Advocate Programs are working in Corridors of Opportunity neighborhoods and positioning trusted neighbors to interrupt conflicts as they happen, to treat individuals likely to be involved in violence, and to change norms that exacerbate violence. It is a public health approach to stopping violence.

Enhanced Compensation for First Responders: In fiscal year 2022, the city completed a multiyear plan to grow compensation for first responders, who make up more than 35% of the city's workforce. In the FY 2022 budget, compensation for a top-step police officer who holds a four-year degree is 20% higher than in FY 2018. Top-step pay for Charlotte Fire Department officials increased 15%-20% in FY 2022 compared to FY 2018.

Transportation, Planning and Environment

Strategic Energy Action Plan: The City of Charlotte's Capital Investment Plan (CIP) for fiscal years 2022-2026 proposed \$13.75 million to improve sustainability in city-owned facilities. This investment is in line with the city's Strategic Energy Action Plan to fuel city facilities and its fleet by 100% zero-carbon sources by 2030 (adopted in 2018), and the Sustainable Facilities Policy adopted in 2021. The facilities policy aims to:

- Reduce energy consumption in municipal buildings.
- Enable more rooftop solar panels on municipal buildings.
- Establish more electric vehicle charging stations at municipal parking lots.
- Formalize a benchmarking process for building energy performance.
- Strengthen the city's ability to make data-driven decisions for future investments.

Once approved by the Charlotte City Council, the CIP allocated \$4.75 million in FY 2022 for these efforts and expanded the city's electric fleet by 22 vehicles.

Additionally, the Charlotte Area Transit System (CATS) launched an electric bus pilot program in FY 2022 and now has most of its 18 new electric buses on city roads. The city's Aviation Department, which operates Charlotte Douglas International Airport and began an electric bus campaign in FY 2019, plans to expand its electric bus fleet to 50 buses over the next seven to 10 years.

Charlotte Future 2040 Comprehensive Plan and the Unified Development

Ordinance: In June 2021, the Charlotte City Council adopted the main body of the Charlotte Future 2040 Comprehensive Plan, a community-driven document that sets the vision for how Charlotte will grow over 20 years and guides the city's decision-making and investments accordingly. With the 2040 Comprehensive Plan as a guide, in March 2022 the Charlotte City Council adopted the Charlotte Future 2040 Policy Map, a companion document that translates the plan's place-based policies to specific geographies. Finally, the council adopted the

Unified Development Ordinance (UDO) in August 2022. The UDO simplifies and consolidates Charlotte's development regulations and implements the vision of the Charlotte Future 2040 Comprehensive Plan and other city policies.

Strategic Mobility Plan: The Strategic Mobility Plan was adopted by the City Council in June 2022 as an important step to fulfilling the vision of the 2040 Comprehensive Plan. Its goal is to offer everyone in Charlotte safe and equitable mobility choices. The core objective of the Strategic Mobility Plan is to make mobility options safe, connected, equitable, sustainable, prosperous and innovative.

Well-Managed Government

Maintaining Service Levels in the Pandemic: The COVID-19 pandemic served as a catalyst for the City of Charlotte to find new ways to continue delivering consistent municipal services while keeping residents and employees safe.

Residential waste increased as residents spent more time at home. The city invested in automated side-loading trucks to help Solid Waste Service employees maintain social distancing. The city also enhanced its CLT+ mobile app to ensure residents could safely and easily request services such as new streetlights and bulky item pickup.

Taking Care of Employees: Frontline employees delivered essential services throughout the pandemic. Precautions to keep these employees safe included personal protective equipment, increased sanitation measures and social distancing guidelines. The city also allocated more than \$14 million in Coronavirus Aid, Relief and Economic Security (CARES) Act funds to make facility improvements, such as bipolar ionization technology within heating, ventilating and air-conditioning systems, for the safety and peace of mind of employees and residents on city premises.

Investing in Employees: The FY 2022 budget:

- Raised the minimum full-time pay to more than \$38,000.
- Provided funds for 3% merit increases for all non-public-safety employees.
- Completed the city's multiyear plan to increase public safety employee pay.
- Reduced employee health care premiums by at least 5% and reduced deductibles in some eligible plans by \$250.



Glossary of Terms

A

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

- Provides complete and accurate financial information prepared in conformance with generally accepted accounting principles.

ASSESSED PROPERTY VALUATION

- Dollar value set on real estate or other property as a basis for levying taxes. North Carolina law requires all real property be assessed at fair market value at least every eight years. Mecklenburg County lists, discovers, assesses and processes appeals for ad valorem tax purposes. Real estate taxes are based on the assessed property valuation as of the date of the latest countywide reappraisal divided by 100 and multiplied by the tax rate. For FY 2022, the latest countywide reappraisal took place on Jan. 1, 2019.

ASSETS - City-controlled resources with economic value.

AVIATION DEPARTMENT

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the Charlotte Douglas International Airport. The airport was established in 1935 as Charlotte Municipal Airport.

B

BUDGET - A legal authorization granted by the Charlotte City Council to make expenditures and incur obligations for specific purposes. North Carolina law requires local governments have an adopted ordinance specifying a budget plan by the end of the fiscal year, which is June 30 for the City of Charlotte.

BUSINESS-TYPE ACTIVITIES

- Activities that resemble private-sector businesses in which the consumer is charged for services provided by the city. The city's business-type activities include Charlotte Water, Charlotte-Mecklenburg Storm Water Services, the Aviation Department, and Charlotte Area Transit System.

C

CAPITAL CONTRIBUTIONS

- Assets provided to a government for purchasing or constructing capital assets. Examples of capital contributions include capital grants and donated infrastructure.

CAPITAL INVESTMENT PLAN (CIP)

- A five-year plan detailing annual appropriations from specific funding sources for capital projects

such as street improvements, building construction and facility maintenance. The CIP includes all projects, funding sources and expenditure amounts.

CAPITAL PROJECTS FUND

- Fund used in governmental accounting to track and report financial resources used for capital spending, including the acquisition or construction of capital facilities and other capital assets.

CHARLOTTE AREA TRANSIT SYSTEM (CATS)

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the city's transit system. CATS was created in 2000 after a successful public referendum in 1998 to fund future transit initiatives.

CHARLOTTE-MECKLENBURG STORM WATER SERVICES

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of stormwater systems. Storm Water Services was established in 1993.

CHARLOTTE WATER

- Enterprise Fund department established to manage and account for the acquisition, operations, maintenance and capital programs of the city's water and sewer systems. With history as far back as 1899, Charlotte Water as it exists today formed as a city department in 1972.

COMMUNITY PLANNING AND DEVELOPMENT

- Category of

expenses focused on creating great places for our community by designing vibrant and inclusive neighborhoods and creating a climate where all businesses innovate and prosper.

CULTURE AND RECREATION

- Category of expenses focused on tourism promotions and facility management for the city's tourism venues.

D

DEBT SERVICE - Annual principal and interest payments the city owes on money it has borrowed.

DEBT SERVICE FUND - Fund used in governmental accounting to track the accumulation of resources for, and the payment of, long-term debt service and related costs.

DEFERRED INFLOWS - Resources coming into a government during a fiscal year that are related to a future reporting period.

DEFERRED OUTFLOWS

- Resources leaving a government during the fiscal year that are related to a future reporting period.

E

ENGINEERING AND PROPERTY MANAGEMENT

- Category of expenses focused on design and construction of city infrastructure

projects, caring for the tree canopy and other landscaping, and managing real estate and facilities.

ENTERPRISE FUNDS - Funds used to account for and report an activity for which a fee is charged to external users for goods or services.

EXPENSE/EXPENDITURE - A resource leaving a government during the fiscal year that are related to that year.

F

FISCAL YEAR (FY) - A one-year fiscal period. The city's fiscal year extends from July 1 through June 30.

FULL-TIME EQUIVALENT (FTE)

- The amount of time for which a position has been budgeted in relation to the amount of time a regular, full-time employee normally works in a year. One FTE is equivalent to one employee working full-time.

FUND - An accounting entity with a self-balancing set of accounts used for recording financial transactions of segregated, specific activities.

FUND BALANCE - The difference between assets and liabilities of a governmental fund. Fund balance incorporates the difference between the revenues and expenditures each year. Fund balance types include:

Nonspendable fund balance

- Fund balance in a form that cannot be spent, such as inventory.

Restricted fund balance

- Fund balance amounts constrained by their providers, such as grantors.

Committed fund balance

- Fund balance amounts constrained by an action of the Charlotte City Council.

Assigned fund balance - Fund balance amounts intended to be used for a specific purpose.

Unassigned fund balance - Fund balance amounts available for any purpose in the General Fund.

G

GENERAL ADMINISTRATION

- Category of expenses focused on day-to-day operations of the city including setting policies, strategic leadership, local government records, legal services, personnel administration, and communication and marketing.

GENERAL FUND - A central fund into which most of the city's general tax revenues and discretionary resources are pooled. The General Fund is allocated to support many of the operations of city government.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

- A common set of accounting principles, standards and procedures that must be followed when compiling financial statements.

GOVERNMENTAL ACTIVITIES

- Activities generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

GRANTS - Funds received from outside parties including nonprofits, private entities, and federal and state agencies.

I

INTEREST - Cost of borrowing money that must be repaid along with the principal.

INTERGOVERNMENTAL REVENUE - Shared revenue received from other governments, such as grants or reimbursements.

L

LIABILITIES - Present obligations to give up economic resources the government has little or no discretion to avoid.

LICENSES AND FEES - Costs charged to those who receive certain governmental services or use governmental facilities, such as solid waste service fees, land development fees and zoning petition filing fees. Fees vary with the type of activity.

LONG-TERM DEBT - A liability that arises from a contractual obligation to give up economic resources in one or more payments to settle an amount fixed at the date the contractual obligation is established. Types of

long-term debt can include:

Bonds - Long-term debt primarily used to finance infrastructure projects, including housing, neighborhood improvements, streets and highways, as well as Enterprise Fund-related projects.

General obligation (GO)

bonds - Bonds in which payment is guaranteed by the full faith and credit of the government body. This type of bond requires voter approval and occurs in November of even-numbered calendar years.

Revenue bonds - Bonds in which payment is payable from a specific source of revenue, and to which the full faith and credit of an issuer with taxing power is not pledged.

Bond Anticipation Notes

(BAN) - Short-term, interest-bearing notes issued in anticipation of bond proceeds to be received later.

Certificates of Participation

(COPS) - Long-term financing tool, traditionally used for facility construction or renovation, that pledges an asset in exchange for borrowed debt, similar to a home mortgage. This debt does not require voter approval and does not follow the same biennial schedule as general obligation bonds.

N

NET POSITION - The difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources for government-wide statements and enterprise funds.

NONOPERATING REVENUES AND EXPENSES - Revenues and expenses not qualifying as operating items in business-type activities.

O

OPERATING REVENUES AND EXPENSES - Revenues generated from the cost of goods sold and services provided to customers.

OTHER TAXES - Includes 8% occupancy tax on an accommodation within Mecklenburg County and a tax on gross receipts derived from heavy equipment sales.

P

PRINCIPAL - Amount of debt owed, not including interest, for funds that are borrowed.

PROPERTY TAX - A tax based on the value of taxable property, including real estate, registered motor vehicles and personal property. For FY 2022, the property

tax rate was 34.81 cents per \$100 of assessed valuation, allocated across three funds: General Fund (27.31 cents), Debt Service Fund (6.77 cents) and Pay-As-You-Go Capital (0.73 cents).

PUBLIC SAFETY - Category of expenses focused on the services of the police and fire departments, which aim to enhance the quality of life throughout the community and preserve life and property.

R

RATING - An opinion by a rating agency of the creditworthiness of a bond.

REVENUE - A resource coming into a government during a fiscal year that is related to that period.

S

SANITATION - Category of expenses focused on protecting public health by providing environmentally friendly solid waste collection programs.

SALES TAX - Tax paid on retail sales in North Carolina totaling 7.25%: State sales tax, 4.75%; local sales tax, 2%; and transit sales tax, 0.5%. The local sales tax portion consists of a 1-cent tax levied in 1967, a half-cent tax levied in 1983 and a half-cent tax

levied in 1986. The transit sales tax is an additional half-cent tax levied in 1998 to support the transit system. The State of North Carolina collects sales taxes and distributes it.

SOLID WASTE FEE - A fee to offset a portion of the cost of providing solid waste services.

STRATEGIC PRIORITIES - Areas of focus established by the Charlotte City Council that serve as the framework for allocating funds and resources. FY 2022 focus areas were economic development; great neighborhoods; safe communities; transportation, planning and environment; and well-managed government.

STREETS AND HIGHWAYS - Category of expenses focused on providing a safe and efficient multimodal transportation system that supports economic mobility and sustains the community's quality of life.

SUPPORT SERVICES - Category of expenses focused on providing support to Charlotte City Council, staff and the public through technologies and financial management.

T

TRANSFERS IN AND OUT - The movement of assets into one fund and out of another fund.

U

UTILITY FRANCHISE SALES TAX - A sales tax on electricity and piped natural gas. The State of North Carolina collects the tax and distributes revenues to localities.

SM

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